

Realty Trust Review

December 10, 1973

VOL. IV, No. 23

VALUE GUIDE TO TRUSTS REVIEWED IN THIS ISSUE

Trust	Port. Yield	-6Mo. Port. Last	Chng.- E Next	Lever. Ratio	Price	Div. Yield	Div. Reinv.	Page
Equity and mortgage combination trusts								
Amer. Realty	14.58%	20%	25-35%	1.58	\$7.25	13.8%	Yes	3
Berg Enter. RE	13.05	85	11	1.01	4.50	18.7	No	3
Investors Rlty.	14.39	8	10	2.06	11.50	12.2	Yes	3
Lincoln Mtg.	13.15	8	0	1.72	4.00	17.0	No	4
Miller(Henry)Rl.	15.97	15	15	1.77	11.00	12.4	No	5
NJB Prime Inv.	14.86	47	30	0.71	12.75	20.1	No	4
North.State Mtg.	13.00	11	103	3.33	6.75	15.4	No	5
Saul(B.F.)REIT	13.51	25	25	1.12	11.75	13.2	Yes	5
Walter(Jim)Inv.	14.14	23	25-30	1.56	10.50	17.1	No	6
Long-term mortgage and specialty trusts								
Atlanta Nat. RET	13.63	63	30	1.00	12.00	16.7	Yes	6
Hospital Mtg.	12.58	11	41-69	0.39	13.50	16.3	No	7
Institutional Inv.	12.89	28	25	0.35	8.63	16.2	No	8
Mtg. Growth Inv.	10.86	8	8	0.00	10.25	11.7	No	7
NW Fin.Inv.	12.43	43	31	0.74	14.25	14.9	No	8
PNB Mtg.	13.62	17	3	1.88	16.00	13.5	Yes	8
AVG.	13.51%	27%	27%	1.28		15.3%		

These three measures are selected to aid investors. Averages for the measures are shown so each trust may be compared to the average. Portfolio yield is a general measure of risk to the investor, with highest yield typically the riskiest. Changes in funded portfolio indicate relative dynamism of increases in earning assets, although holdings of equity trusts typically will increase much more slowly than mortgage trusts. Leverage ratio indicates a trust's ability to obtain external non-convertible funds, although recent financings or policy decisions may lower this ratio temporarily. Leverage is the ratio of all non-convertible debt to the trust's capital (equity plus convertibles plus subordinated debt). Ratios above 3.0 are rare and may portend capital financing.

NO-No operations. NE-No estimate. Trusts making dividend reinvestment plans available to shareholders are indicated above. Further information is available from the trusts themselves. Statistical summaries for each trust reviewed show the trust's operating record for the four latest quarters. Ranges for share prices and dividend yields are shown for all four quarters to facilitate comparison with current yields and prices. Price ranges are those for calendar quarters. Where calendar quarters and a trust's interim period do not coincide, prices are shown for the calendar quarter covering two months of the trust interim.

Graphs showing the trend of price/earnings ratios for each trust (dash line) and how this P/E stands relative to the average for all short-term mortgage trusts (solid line) are shown for each trust. The graphs cover monthly REALTY TRUST REVIEW observations since January 1972.

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION \$84 ANNUALLY SINGLE COPY \$5 GROUP RATES ON REQUEST

COPING WITH AN HISTORIC MARKET SLIDE IN REIT SHARES

1. Many quotations do not represent real prices but reflect technical market factors such as short-selling (often at behest of brokers seeking activity), or the pulling back of support by market makers and exchange specialists who've run out of capital. Some investors have panicked. We've chased down a half-dozen rumors and claims that "someone must know something" about trusts with plummeting share prices, and find nothing not already reported to you. This REIT share price plunge is similar to the May-July 1969 period when share prices fell 45% in eight weeks. That decline ended in recovery.

The panic has been provoked by the double-whammy of *Fidelity Mortgage Investors'* passing of its dividend Dec. 4 (it paid \$0.88/share the previous quarter) and abandonment of the proposed *North American Mortgage-Associated Mortgage* merger and Associated's statement it did not have cash to pay a \$10 million subordinate loan due Dec. 15. (Your editor was interviewed by New York Times Columnist Robert Metz about Fidelity's action and a copy is enclosed). These actions came on the heels of major dividend cuts by *Cameron-Brown*, *Galbreath Mtg.*, and *Mtg. Trust of America*, all caused by accumulating problem loans.

2. The REITs, especially mortgage REITs, are under great pressure but are not going out of business. Plummeting stock prices mean most REITs, and nearly all smaller ones, cannot raise new capital, and capital fuels growth. Perhaps no more than 10-20 of the very largest mortgage REITs can raise new funds in today's market. *Investors Realty* has just postponed an offering (p.3) and several other smaller trusts reviewed in this issue are seeking new funds. Inability to raise new funds in the stock market places these trusts in the hands of commercial banks and commercial paper issuers, who hold \$3.65 and \$3.06 million of bank loans and commercial paper, respectively. Any reduction in credit by either group could mean that some trusts might not be able to meet forward commitments, possibly spelling forced liquidation of assets under distress conditions (recall that the first real sign of distress at Associated was bank pressure that forced it to try to sell some loans to other trusts--RTR, May 29).

3. No one knows all the ramifications of the energy shortage. A Wharton School econometric study now sees a 0.6% gain in real GNP next year. But proposals like that of the California Public Utilities Comm. that all new building be banned are not comforting.

4. Disclosure practices of REITs must change drastically. Too many investors have been living in a dream world fostered by trust managements who pretend there are no problems or risks in real estate. Too many REITs hide their foreclosures under the heading of "Other assets" on balance sheets, or as Fidelity Mortgage did, use the euphemistic label "Real estate equities." We began listing problem loans last April because we believe disclosure is essential to restoring investor confidence.

Our suggested investment policy is to upgrade portfolio to the highest quality REITs because you can get this quality without paying a premium. If you have short-term losses, use them to offset against ordinary income while upgrading. We favor equity and long-term mortgage as outlined Nov. 26. Equity issues are: *Cabot*, *Caobt & Forbes Land Trust*, *First Union RE*, *ICM Realty*, *U.S. BanTrust*, and *Washington REIT*. *B.F. Saul* and two smaller trusts with potential, *Investors Realty* and *Henry S. Miller*, are reviewed this issue.

THREE KEY RATIOS

	Loss Res.#	Prob. Loans#	Exp. Ratio*
Amer. Realty	0.15%	None	0.94%
Atlanta Nat.	0.51	0.3%	2.33
Berg Ent.	0.15	None	2.52
Hospital Mtg.	0.50	7.2	1.66
Inst. Inv.	0.87	5.4	1.86
Investors Rlty.	None	None	0.73
Lincoln Mtg.	0.55	8.7	0.98
Miller (Hen.)	0.00	None	1.64
Mtg. Growth	0.41	4.1	1.70
NJB Prime	0.50	1.8	1.86
North St. Mtg.	0.18	3.4	1.39
NW Fin. Inv.	0.27	3.1	2.32
PNB Mtg.	0.23	0.3	1.29
Saul (B.F.)	0.40	5.7	1.31
Walter (Jim)	0.21	None	1.77
AVG.	0.33%	2.7%	1.62%

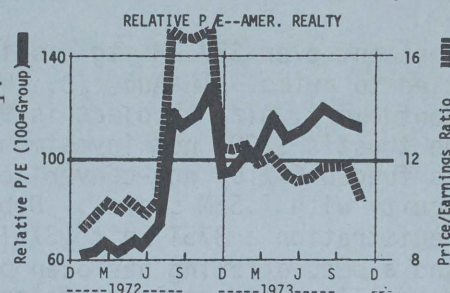
#Based on gross portfolio. *Avg of last two qtrs. Problems loans are total of foreclosed property and non-earning investments on which interest or rent is not being accrued.

AMERICAN REALTY TRUST (8 1/8--ASE-ARB) FY Sept. 30

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS	Prim.	Div.	-Price Range-
12/72	\$35.7M	14.20%	11.67%	\$0.21	\$0.15		\$10.50- 9.25
3/73	39.2	13.65	10.79	0.19	0.20		11.00- 9.38
6/73	49.3	16.12	15.44	0.28	0.30		10.88- 9.88
9/73	P47.2	14.58	9.29	0.12	0.25		10.88-10.00

P-Preliminary, unaudited year-end results.

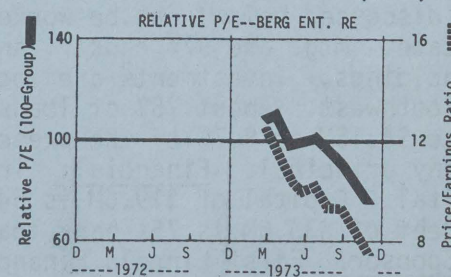
Portfolio dynamics: Fundings grew by 20% in the last six months and mgmt. expects growth to be significant in the next six months due to additional money obtained from a pending financing (see financing section below). Growth in portfolio will be in the long-term mtg. and property area. Trust's present equity investments include 5 motels; 3 hotels; 10 fast-service type restaurants (Gino's Inc.); 2 office buildings; 5 parcels of land amounting to 33.5 acres. Portfolio is 75% equity; 15% short-term mtg.; 10% long-term mtg. Final court judgment on proposed acquisition of Imperial 400, a bankrupt motel chain, is not expected until late Dec. or early Jan.'74. All short-term loans are tied to prime. No problem loans. **Financing:** Trust is funded 61% by non-convertible debt and 39% by capital. Capital of \$18.9M is 87% equity with 2.14M shares and 13% of 7% convt. debent. Debt of \$29.8M is 71% bank notes and 29% mtg. Trust has a \$15.0M senior subor. debent. offering in registration for mid-December offering. **Sponsor:** Trust is managed by its 10 trustees. **Results & outlook:** Decline in total portfolio and portfolio yield plus higher debt costs caused recent poor earnings and dividend results. Portfolio should show better gains in the next six months but trust, heavily oriented toward lodgings area, may be vulnerable to energy-shortage related travel slowdowns. (VCK)



BERG ENTERPRISES REALTY GROUP (5 1/2--ASE-BRT) FY Nov. 30

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS	Prim.	Div.	-Price Range-
2/73	\$12.2M	10.45%	7.69%	\$0.17	\$0.17		\$9.00-7.88
5/73	19.3	12.68	8.43	0.19	0.19		8.50-6.00
8/73	22.6	13.05	9.53	0.21	0.21		8.00-5.00

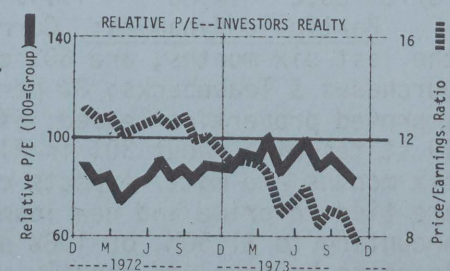
Portfolio dynamics: During the last 6 months fundings increased 85% and mgmt. expects the funded portfolio to be \$25M in the next six months, an 11% gain. Current investments are 41% constr.; 22% devel.; 14% long-term; 12% equity; 8% intermediate; 3% stand-by. Investments are located in 12 states and P.R. with some concentration in Ill. and Fla. Some 73% of loans are tied to prime. No problem loans. **Financing:** Trust is funded 50% by capital and 50% by non-convertible debt. Capital of \$12.9M is all equity with 1.40M shares. Debt of \$12.9M is 91% bank notes and 9% mtg. No public financing in next six months. **Sponsor:** Berg Enterprises, Inc., a N.J.-based real estate service co. **Results & outlook:** Significant gains in both fundings and portfolio yield resulted in steady increases in earnings and dividends. Slowing of portfolio growth indicates some moderation in gains of earnings and dividends which could be offset by lower money costs. Shares sell well below group P-E but small size and short record are major drawbacks. (VCK)



INVESTORS REALTY TRUST (11 5/8--ASE-IRT) FY Nov. 30

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS	Prim.	Div.	-Price Range-
11/72	\$50.3M	14.69%	12.44%	\$0.25	\$0.34		\$16.50-14.88
2/73	52.7	14.41	12.46	0.25	0.36		16.38-14.75
5/73	55.6	13.99	12.00	0.24	0.36		15.25-12.88
8/73	56.7	14.39	12.30	0.24	0.35		14.13-11.00

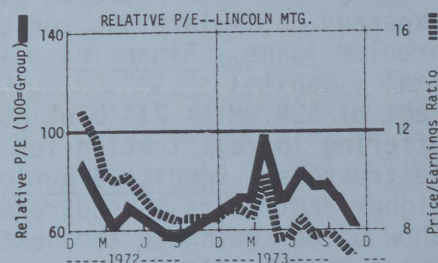
Portfolio dynamics: Fundings gained 8% in the past 6 months. Based on the recent postponement of a proposed offering (see financing section below) we estimate fundings could grow 10-12% over the next six months. Present portfolio is 78% equity; 6% constr.; 6% land devel.; 6% land loans & second mtg.; 4% intermediate. Equities, concentrated in Southeast, include 13 land leasebacks for \$3.5M and 15 land & bldgs. with \$16.5M cash in-



vestment over \$27.2M mtg. Buildings include 2,191 apartments. About 60% of mtg. are tied to prime. In Aug. '73, the trust took over a 276 unit apartment building in Montgomery, Ala. Project is 95% occupied and returning estimated 10.7% annually on trust's \$700T net investment. No problem loans in the portfolio. Financing: Trust is funded 67% by non-convertible debt and 33% by capital. Capital of \$19.5M is all equity with 1.58M shares. Debt is 67% in mtg. and 33% in bank notes. The trust has in registration a 375T unit (375T shares with 1 wt. to purchase one-half share) offering and a Dec. offering has been postponed indefinitely. Sponsor: Crescent Properties Co., Nashville-based real estate and mtg. banking firm. Results & outlook: Slight drop in portfolio yield plus higher money costs caused slight drop in Aug. qtr. earnings and dividends. Moderate estimated funding growth based on delay of planned offering should produce very moderate gains in earnings and dividends near-term. The shares sell below the average P/E for the group and while they have some variable income characteristics, longer-term equity buildup in trust properties is possible. (VCK)

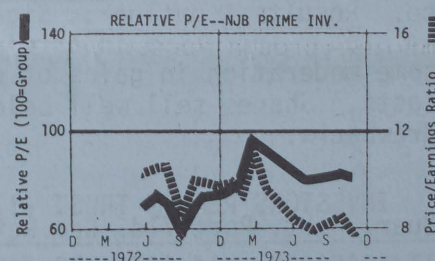
LINCOLN MORTGAGE INVESTORS (4 $\frac{1}{2}$ --OTC-LNMGS) FY Mar. 31							
Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-	
12/72	\$44.4M	13.25%	10.83%	\$0.18	\$0.25	\$ 9.63-8.75	
3/73	44.0	12.64	8.43	0.04	0.20	10.00-9.25	
6/73	45.7	12.48	9.12	0.12	0.20	9.63-6.25	
9/73	47.7	13.15	8.37	0.09	0.17	7.13-6.50	

Portfolio dynamics: Fundings increased 8% over the last six months and mgmt. expects portfolio to remain about level in next six months so that problem loans (discussed below) can be worked out. Current portfolio is 76% mtg. and 24% real estate. Mtg. are 97% constr. and 3% land while real estate investments consist of 6 apt. holdings. Investments are located in 12 states with concentrations in Mid-West and Southwest. About 75% of loans are tied to prime. Trust has 4 problem loans amounting to \$4.15M or 8.7% of the present portfolio. In each loan trust does not expect to lose any principal. Financial: Trust is funded 63% by non-convertible debt and 37% by capital. Capital of \$19.6M is 54% in 8% conv't. debent. and 46% in equity with 1.16M shares. Debt of \$33.6M is 75% bank loans and 25% mtg. No public financing in next six months. Sponsor: First Lincoln Financial, diversified Calif. holding co. Results & outlook: Erratic earnings and dividend results were due to significant amount of non-earning assets, high interest costs and varying portfolio yield. Portfolio growth will be level over the next six months as mgmt. attempts to work out problem loans and make them earning assets. Shares selling well below P-E of the group reflect major uncertainty over future prospects. Shares are highly speculative. (VCK)



NJB PRIME INVESTORS (15 $\frac{1}{2}$ --ASE-NJB) FY Nov. 30							
Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-	
11/72	\$47.9M	12.97%	10.70%	\$0.59	\$0.54	\$23.50-19.25	
2/73	56.6	12.52	11.59	0.61	0.57	23.50-20.50	
5/73	69.7	12.63	11.11	0.62	0.60	21.63-18.63	
8/73	83.2	14.86	11.45	0.68	0.64	21.25-19.00	

Portfolio dynamics: Current investments, up 47% over the last six months, are 60% constr. & devel.; 17% land purchases & leasebacks; 8% permanent & intermediate; 7% improved properties-leased; 5% junior & gap; 3% land loans. Investments are located in 19 states with about 30% in Fla. We estimate fundings will increase 30% over the next six months and mgmt. expects composition to remain the same. About 80-90% of mtg. loans are tied to prime and new loans are being tied to prime. Trust has 2 problem loans amounting to \$1.50M, or 1.8% of portfolio. Both are constr. loans and mgmt. expects both loans to be resolved shortly with no loss of interest or principal. Financing: Trust is funded 59% by capital and 41% by non-convertible debt. Capital of \$52.9M is 47% in 7% subor. debent.; 44% in equity with 1.25M shares; 9% in 6 3/4% subor. debent. Debt of \$37.5M is 89% in bank notes and 11% in mtg. No public financing planned in next 6 months.



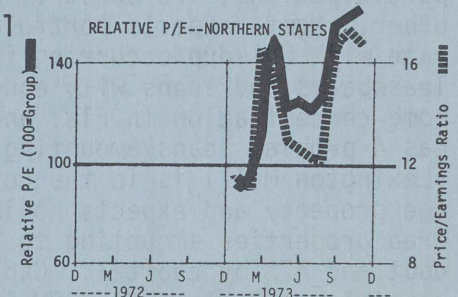
Sponsor: New Jersey Bank (N.A.) and Prime Equities, Inc. **Results & outlook:** Significant gains in portfolio and portfolio yield brought increase in earnings and dividend. Expected funding growth if realized could produce moderate gains in earnings and dividends. Land/leasebacks are concentrated in apartments and motor lodges and restaurants, which could be vulnerable. Shares selling below the P/E for the group have speculative attraction only. (VCK)

NORTHERN STATES MTG.&RLTY.INVESTORS(6 3/4-OTC-INMRS)FY Dec.31

(Name being changed from INCOME MORTGAGE AND REALTY SHARES)

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
12/72	\$23.0M	12.10%	8.31%	\$0.10	\$0.25	\$11.25-10.50
3/73	28.9	11.25	9.53	0.15	0.25	12.00-11.00
6/73	30.6	11.48	7.16	0.09	0.25	11.00- 9.50
9/73	32.0	13.00	9.41	0.15	0.26	10.25- 9.50

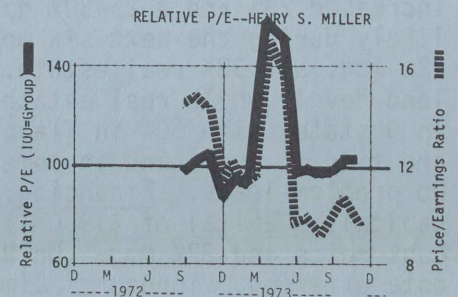
Portfolio dynamics: Holdings increased 11% over the last 6 months and based on the successful completion of a planned offering (see financing section below). Mgmt. expects portfolio to be \$65M in next six months, a 103% gain. Current portfolio is 48% constr.; 27% equity; 15% land devel. & acq.; 7% second mtg.; 3% wrap-around. Equity investments consist of 2 land-purchase leasebacks; 1 leasehold; 1 motel; shopping center; 2 office buildings. Investments are located in 7 states with concentration in Mich. Some 92% of mtg. are tied to prime. One problem loan of \$1.08M, or 3.4% of portfolio, will be sold with no loss of interest or principal. **Financing:** Trust is funded 77% by non-convertible debt and 23% by capital. Capital of \$8.15M is all equity with 1.02M shares. Debt of \$27.1M is 81% bank notes and 19% mtg. Trust has 3.30M shares in registration which it expects will be offered in mid-December. **Sponsor:** Kelly Mtg., acquired by Northern States Bancorporation, Inc., a multi-bank holding co. **Results & outlook:** Improved portfolio yield and moderate portfolio gain enabled trust's earnings and dividends to rise in the latest qtr. with dividends being paid from cash flow, and 23% of 1972 payouts were tax free return of capital. Growth plans hinge importantly on ability to complete the proposed offering. With this uncertainty the P/E above the group average contains high degree of risk. (VCK)



MILLER (HENRY S.)REALTY TRUST(11 1/2--OTC-HSTMS)-FY Feb.28/29

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
11/72	\$16.8M	17.02%	11.08%	\$0.40	\$0.38	\$19.50-17.75
2/73	24.0	15.24	7.39	0.22	0.32	19.75-15.63
5/73	23.9	15.59	10.73	0.356	0.34	16.00-13.50
8/73	27.7	15.97	10.48	0.34	0.34	14.50-13.00

Portfolio dynamics: Fundings rose 15% the past six months through August and a gain of about that magnitude is likely for coming quarters as equity holdings are expanded. Holdings are 78% equities and 22% mtg. loans, primarily intermediate-term and land & devel. Policy is to invest trust equity in properties and trust has net investment of \$9.05M in properties over \$12.95M mtgs. Equities are 63% shopping centers, 37% office and warehouses. Centers include Ridgewood, Golden Triangle, Hillside and Kiest-Polk in Dallas, Normandie in Wichita, Kan., and Village in Victoria, Tex., all from 50,000 to 210,000 sq. ft. Properties are selected for expansion potential. No problem loans. **Financing:** Funds are 36% shareholders' equity with 560T sh. and 64% non-convertible debt, about two-thirds mtgs. and one-third bank borrowings. **Sponsor:** Henry S. Miller Co., Dallas real estate company. **Results & outlook:** Good portfolio yield sustained earnings and dividends. Property investment may slow as trust equity becomes fully committed but adviser has extensive realty experience. Shares have longer-term appreciation potential. (KDC)



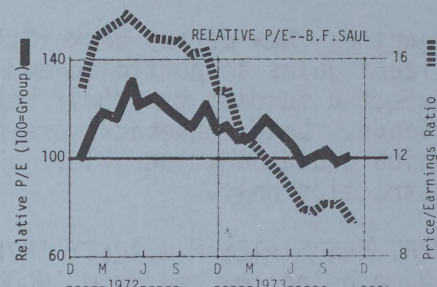
B.F. SAUL R.E. INVESTMENT TRUST (12 1/4--NYSE-BFS) FY Sept. 30

Portfolio dynamics: Current portfolio, up 25% over the last six months, was 19% in shopping centers; 12% in apartments; 2% land purchase leasebacks; 8% loans with equity

B.F. SAUL R.E. INVESTMENT TRUST (Continued)

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
12/72	\$204.4M	14.18%	10.86%	\$0.39	\$0.38	\$24.25-21.75
3/73	215.4	13.94	11.28	0.41	0.39	23.38-19.00
6/73	236.1	14.01	11.01	0.40	0.39	19.38-15.00
9/73	269.2	13.51	10.02	0.36	0.39	17.25-14.75

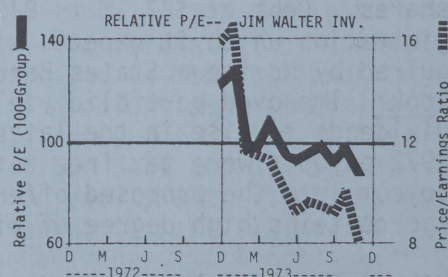
participations; 47% constr., 6% interim; 47% devel.; 2% other. Mgmt. expects portfolio to grow at a comparable rate with buildup occurring in constr., land purchase leasebacks and loans with equity participations. Investments located in 21 states with some concentration in Fla. and the East. Some 70% of loans are tied to prime. Trust has 4 problem loans amounting to \$15.3M or 5.7% of the portfolio. One loan for \$5.0M (Lexington Mall) is in the courts and to be sold on Dec. 7/73. Trust is bidding for the property and expects no loss of principal. Trust is planning to sell two Houston area properties amounting to \$6.3M. Financing: Trust is funded 53% by non-convertible debt and 47% by capital. Capital \$137.9M is 55% equity with 5.66M shares; 45% in convertibles. Debt of \$154.9M is 78% bank notes and 22% mtg. and senior notes. No public financing in next six months. Sponsor: Washington D.C. real estate company. Result & outlook: High interest cost, decline in portfolio yield and non-earning problem loans all contributed to the Sept. earnings and dividend declines. Good mgmt. capability should enable trust to work out of its problem loans but time will be required. Lower money costs coupled with good funding growth should produce moderate gains in earnings and dividends if problem loans overcome. Share selling at about the P-E for the group have speculative recovery potential. (VCK)



JIM WALTER INVESTORS (11--OTC-WALTS) FY July 31

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
1/73	\$32.9M	12.01%	7.76%	\$0.27	\$0.30	\$18.00-16.50
4/73	35.1	12.36	8.39	0.31	0.38	17.63-15.38
7/73	40.4	12.86	9.32	0.34	0.45	15.63-14.00
10/73	43.3	14.14	10.58	0.40	0.45	14.63-14.50

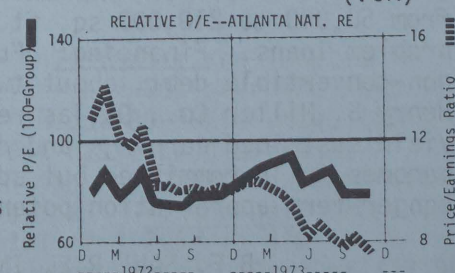
Portfolio dynamics: In the past six months, fundings increased 23% and a 25-30% gain in investments appears likely during the next six months. Current portfolio is 62% mtg. and 38% real estate. Mtg. are 68% constr., 12% intermediate and 20% land & land devel. while real estate consists of 8 equity holdings. Investments are located in 9 states with 50% in Fla., 19% in Tex. and 13% in Calif. Some 70% of mtg. loans are tied to prime and in some cases the higher of prime or the commercial paper rate. No problem loans. Financing: Trust is funded 61% by non-convertible debt and 39% by capital. Capital of \$19.0M is all equity with 1.04M shares. Debt of \$29.7M is 68% bank notes and 32% mtg. On Nov. 11/73 trust made a \$10M, 5 year Eurodollar senior subor. note offering. Sponsor: Jim Walter Corp., major building material producer. Results & outlook: Good gain in fundings and healthy rise in portfolio yield were main factors in the recent strong gains in earnings and dividends. Continued gains in fundings should result in moderate earnings and dividend increases, provided problem loans can be avoided or minimized. Shares selling below P-E of the group have moderate appreciation potential. (VCK)



ATLANTA NATIONAL R.E. TRUST(12 3/4--OTC-ATNAS) FY Aug. 31

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
11/72	\$28.7M	10.50%	8.21%	\$0.38	\$0.38	\$16.88-14.50
2/73	25.7	12.02	8.47	0.39	0.39	16.63-15.38
5/73	36.8	13.08	9.71	0.45	0.45	15.25-13.50
8/73	42.0	13.63	10.74	0.50	0.50	16.38-14.00

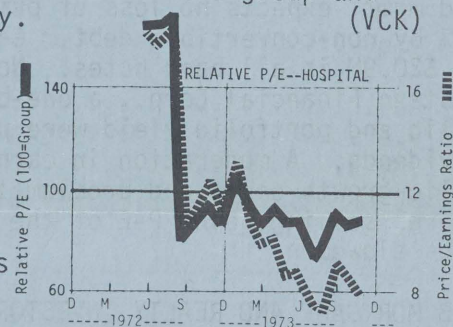
Portfolio dynamics: In the past six months investments increased by 63% and in the next six months we expect a 30% gain in fundings. Current portfolio is 50% constr.; 18% standing; 18% long-term; 10% land acq. & devel.; 3% junior; 1% land purchase leasebacks.



Investments are located in 6 states and Wash. D.C. with concentration in Ga. & Fla. About 72% of short-term loans are tied to prime. Trust has two problem loans amounting to \$125T or 0.3% of portfolio, and mgmt. does not expect a loss of interest or principal. There are indications of other possible problem loans but numbers and amount have not been revealed by mgmt. Financing: Trust is funded 50% by capital and 50% by non-convertible debt. Capital of \$23.5M is all equity with 1.26M shares. Debt of \$23.5M is all bank notes. There is a good possibility of a public financing in next six months with senior subor. debent. the most likely form. Sponsor: Independent. Results & outlook: Strong portfolio yield produced the healthy gains in earnings and dividends. Estimated good funding gains, the rate depending on success in financing should extend this record in the near future. Shares are selling well below P-E for the group and have moderate speculative potential on new financing ability. (VCK)

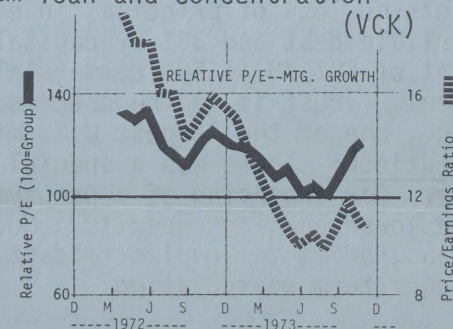
HOSPITAL MORTGAGE GROUP (14 3/4--ASE-HMG) FY Feb. 28/29							
Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-	
11/72	\$32.1M	10.97%	8.82%	\$0.51	\$0.50	\$23.38-19.00	
2/73	31.8	11.06	9.37	0.55	0.52	22.63-20.63	
5/73	34.9	12.33	10.83	0.63	0.54	20.50-18.13	
8/73	35.5	12.58	9.36	0.54	0.55	20.00-17.38	

Portfolio dynamics: In the past six months investments increased 11% and mgmt. estimates that in next six months portfolio will reach \$50-60M, a 41-69% gain. Investments are 53% constr.; 26% land devel.; 13% permanent; 4% standing; 3% land held for lease; 1% land loans. By type of property portfolio is 32% residential; 31% hospital; 28% land & land devel.; 5% commercial; 4% shopping centers. Investments are located in 11 states and P.R. with 68% in Fla. Some 65% of loans are tied to prime. Trust has one problem loan of \$2.56M, or 7.2% of portfolio, which has been foreclosed and is being sold. Financing: Trust is funded 72% by capital and 28% by non-convertible debt. Capital of \$27.4M is all equity with 1.18M shares. Debt of \$10.7M is all bank notes. No public offering planned in next 6 months. Sponsor: R.H. Medical Services, Inc. and Courtland-Transco, Inc., affiliate of Mortgage Corp. of America, a mtg. banking firm. Results & outlook: High interest costs which could not be offset and a significant problem loan caused the recent erratic earnings performance. Shares are for risk accounts as a speculation on ability to surmount problem loan and concentration in Florida. (VCK)



MORTGAGE GROWTH INVESTORS (10 1/2--ASE-MTG) FY Nov. 30							
Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-	
11/72	\$37.7M	10.54%	8.00%	\$0.28	\$0.27	\$16.75-15.00	
2/73	36.0	10.96	8.23	0.28	0.28	16.13-13.63	
5/73	36.4	10.91	8.64	0.29	0.29	13.88- 9.88	
8/73	38.8	10.86	8.92	0.30	0.30	12.75-10.50	

Portfolio dynamics: A portfolio gain of 8% the last two qtrs. is likely to be repeated the next six months. Holdings are about 29% constr. loans, 20% land leasebacks, 22% purchase money mtgs., 10% second mtgs., and 10% first mtgs. Fla., Calif. and N.Y. have largest concentrations. Trust provides full financing, attempting to enter project at earliest stages and finance until completion, often taking equity participations in complete project. This market is very competitive, resulting in slower funding growth. Interest is not being accrued on a \$1.6M land loan where a sewer ban has delayed work. Financing: Funds are all capital with 72% in shareholders' equity and 28% in 7.75% convertibles. Trust is essentially unleveraged although some bank lines are used occasionally. Sponsor: Sonnenblick-Goldman Corp., mtg. brokers who sponsor North American Mtg., a short-term trust. Results & outlook: Yield rose on the 25% of portfolio tied to prime and the lack of borrowings permitted this increase to flow through to the common, permitting moderate earnings and dividend gains. Prospect for lower interest rates may slow these gains, assuming problem loans are controlled. (KDC)

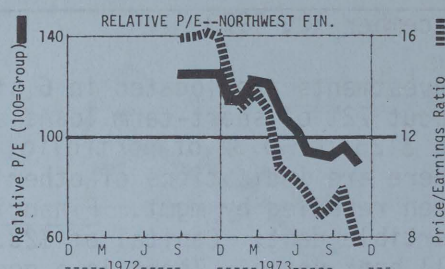


NORTHWESTERN FINANCIAL INVESTORS(14 5/8--OTC-NFINS)FY Dec.31

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
3/73	\$34.0M	11.53%	9.01%	\$0.41	\$0.40	\$19.63-17.00
6/73	41.7	11.63	9.94	0.46	0.42	18.00-16.75
9/73	48.8	12.43	10.96	0.51	0.53	18.00-15.75

Portfolio dynamics: Fundings gained 43% in the past six months and mgmt. estimates that \$15M will be added in the next six months, producing an expected gain of 31%.

Portfolio is 47% constr.; 13% land devel.; 13% interim; 10% permanent; 8% standby and gaps; 5% land purchase leasebacks; 4% land loans. Investments are located in 12 states with 63% in N.C. and S.C. A little over 50% of loans are tied to prime. Trust has two problem loans amounting to \$1.5M, or 3.1% of portfolio. Both loans are in foreclosure and mgmt. expects no loss of principal. Financing: Trust is funded 57% by capital and 43% by non-convertible debt. Capital of \$28.2M is all equity with 1.51M shares. Debt of \$20.9M is all bank notes. No public offering in next six months. Sponsor: Northwestern Financial Corp., a one-bank holding co. Results & outlook: Gains in both portfolio and portfolio yield were prime reasons for the recent increases in earnings and dividends. A moderation in earnings and dividend growth may be in the offering as portfolio growth eases and problem loans cause portion of portfolio to be non-earning. Shares selling below P-E of the group may be reflecting relatively brief record and earnings slowdown. (VCK)

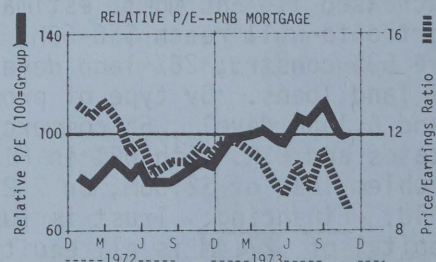


PNB MORTGAGE AND REALTY INVESTORS(17 1/4--NYSE-PNI) FY Sept.30

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
12/72	\$103.8M	11.85%	12.45%	\$0.55	\$0.53	\$26.50-23.75
3/73	110.9	12.00	12.50	0.55	0.53	26.50-23.25
6/73	119.4	12.03	11.09	0.48	0.50	24.13-20.50
9/73	129.2	13.62	11.96	0.53	0.54	22.00-18.25

Portfolio dynamics: In the past six months investments increased by 17% and mgmt. expects portfolio to reach \$133M by Mar.'74, a 3% gain. Portfolio is 39% constr. & devel.;

28% permanent; 15% real estate & partnerships; 13% other first mtg.; 5% junior. Real estate investments are mostly apartments with 1 shopping center. Investments located in 15 states with some concentration in Penn. and Ohio. Some 85% of short-term loans are tied to prime. Trust has 2 problem loans of \$350T, 0.3% of portfolio and mgmt. expects no loss of principal in either case. Financing: Trust is funded 65% by non-convertible debt and 35% by capital. Capital of \$46.5M is all equity with 2.44M shares. Debt of \$87.7M is 65% commercial paper; 17% revolving credit loan; 16% mtg.; 2% bank notes. Trust is in the process of finalizing a \$15M, 7 year term loan. Sponsor: Colonial Mtg., one of the largest U.S. mtg. bankers and sub. of Philadelphia Nat'l. Bank. Results & outlook: There was a special charge of \$.01 per share against earnings in June and Sept. for expensing of a prepayment penalty. This coupled with higher debt costs caused the lower earnings results. Modest funding gains, esp. in longer-term lower yielding loans, point to level or modest gains in earnings and dividends. Shares for moderate longer term appreciation. (VCK)



INSITUTIONAL INVESTORS TRUST (8 5/8--NYSE-INV) FY Jan.31

Quar.	Port.	Port.Yld.	Cap.Ret.	EPS Prim.	Div.	-Price Range-
1/73	\$107.9M	12.42%	11.49%	\$0.39	\$0.40	\$19.00-17.75
4/73	110.7	11.95	10.14	0.34	0.34	19.88-15.00
7/73	131.5	12.89	10.97	0.37	0.35	13.75-11.00
10/73	141.8	12.95	NA	0.37	NR	13.75-11.00

Portfolio dynamics: After a slow-growth period in which fundings declined, holdings have spurted 28% the past two qtrs. and a similar gain is expected the next 6 mon. Holdings remain about 41% constr. loans, 32% land & devel. loans, 12 1/2% standing and permanent, 7% second mtgs., and 7% land sale/leasebacks. Trust not accruing on three problem loans of \$7.6M (or 5.35%) but two for \$6.9M are under new borrowers and being repaid. No loss expected. Financing: Funds are 26% non-convertible debt and 74% capital incl. \$81.4M equity and \$20M of subordinate debt. No financing planned. Sponsor: Donaldson Lufkin & Jenrette, securities brokers, and several pension funds. Results & outlook: Problem loans appear well contained and portfolio growth has resumed. Shares have speculative appeal. (KDC)

